GOVERNMENT OF INDIA
POWER
LOK SABHA

UNSTARRED QUESTION NO:26
ANSWERED ON:17.10.2008
POWER PLANTS BY CHINESE FIRMS
Nikhil Kumar Shri

Will the Minister of POWER be pleased to state:

(a) whether the Government has given permission to Chinese firms to set up power plants in the country;

(b) if so, the details thereof;

(c) whether the permission to Chinese firms to set up power plants in the country is posing threat to the security of the nation;

(d) if so, the preventive steps taken by the Government in this regard;

(e) whether the Central Electricity Authority has set up a Committee to probe the technical quality of the Chinese plants installed in the country; and

(f) if so, the details thereof?

Answer

THE MINISTER OF STATE IN THE DEPARTMENT OF COMMERCE,MINISTRY OF COMMERCE & INDUSTRY AND MINISTER OF STATE IN THE MINISTRY OF POWER(SHRI JAIRAM RAMESH)

(a) & (b): According to the Electricity Act, 2003, thermal generation has been delicensed and concurrence of Central Electricity Authority (CEA) is not required for setting up of thermal power plants including those in the private sector.In case of hydel projects,concurrence of CEA is required under Section 8(1) of the Electricity Act for setting up of a hydro power generation station estimated to involve a capital expenditure notified by the Central Government.

Further,under the existing policy of the Government,Foreign Direct Investment (FDI) is permitted in the power sector on the automatic route wherein no prior approval of the Government is required except when the foreign investor has an existing collaboration/joint venture in the same sector.

As per information available with the Central Electricity Authority,no Chinese firm is setting up/developing a power project.

(c) & (d): Do not arise,in view of (a) & (b) above.

(e) & (f): Some Chinese companies have been supplying equipment and carrying out EPC contracts for execution of power projects.Central Electricity Authority has set up a Committee, whose Terms and Reference relate to design features of boilers and auxiliaries being sourced from China with reference to using Indian coals having high ash content.

The Committee visited recently commissioned thermal projects in India (300 MW unit size) provided with main plant equipment from Chinese manufacturers and obtained operation feedback.These units have been in operation for a short period and are under stabilization phase.Inherent generic deficiencies,if any,would be identifiable during longer period of operation,say, 1-2 years.The scheduled statutory inspection of boilers would also bring out the effect of poor quality of coal on various boiler components for any remedial measures considered necessary.